

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

IN RE:  IES UTILITIES INC.	DOCKET NO. WRU-99-40-151
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**ORDER GRANTING, IN PART, REQUEST FOR WAIVER**

(Issued October 29, 1999)

On September 23, 1999, IES Utilities Inc. (IES) filed with the Utilities Board (Board) a request for a permanent waiver of the method for calculating the monthly energy adjustment clause (EAC) factor found in IOWA ADMIN. CODE 199-20.9 (1999). The Board, by order issued October 17, 1997, in Docket No. TF-97-247 (WRU-97-23-151) approved IES's request for a two-year trial changing IES's formula for calculating its monthly EAC factor. IES's request would make the change permanent.

The EAC allows rate-regulated electric utilities to pass through to customers the utilities' energy charges. The EAC charge fluctuates on a monthly basis because energy charges vary. IOWA ADMIN. CODE 199-20.9 provides that an electric utility's monthly EAC is calculated based on the sales and expenses forecast for two months, including the prior month and the month in which the factor will be effective. The calculation also includes a factor that incorporates the over/undercollection of revenues. The forecasted figures are reconciled two months later when actual sales and expenses become known.

For the past two years, IES has used for its EAC calculation actual sales and expenses for the previous ten months and forecasted sales and expenses for two months. IES believed the addition of ten months of actual data would minimize the month-to-month volatility in the EAC factor and allow customers, particularly large customers, to more accurately budget their electric bills.

On October 1, 1999, the Consumer Advocate Division of the Department of Justice (Consumer Advocate) filed an objection to making the waiver permanent. Consumer Advocate was concerned about the amount of overcollections during the two-year trial. Consumer Advocate said if a waiver was granted, it should only be for an additional two years. IES filed a response on October 20, 1999, stating it had no objection to the waiver being limited to an additional two years.

The 12-month method used by IES for the past two years has levelized sharp changes in the EAC factors and, according to IES, has generated positive feed back from customers. Minimizing significant changes in the EAC factor from month-to-month allows customers to more accurately budget their electric bills. At the same time, using a 12-month method delays the recovery of over/undercollections. Therefore, the Board will grant the waiver for an additional two years to continue the trial. This will allow all interested persons to continue to evaluate whether a permanent waiver should be granted or the EAC rules changed to reflect a different formula. To assist interested persons, and the Board, in this evaluation, IES will be required to provide in its monthly EAC filing data showing the EAC calculation using both methodologies.

**IT IS THEREFORE ORDERED:**

1. The request for waiver of IOWA ADMIN. CODE 199-20.9 (1999) is granted, for an additional two-year period, to the extent discussed in this order.
2. IES Utilities Inc. shall file, as part of its monthly EAC filing, calculations showing the EAC factor using both methodologies discussed in this order.

**UTILITIES BOARD**

/s/ Allan T. Thoms

/s/ Susan J. Frye

ATTEST:

/s/ Judi K. Cooper  
Executive Secretary, Deputy

/s/ Diane Munns

Dated at Des Moines, Iowa, this 29<sup>th</sup> day of October, 1999.